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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 004638

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TAGS: [MARR](#) [PREL](#) [PGOV](#) [RP](#)

SUBJECT: DEFENSE SECRETARY CRUZ' "WAY FORWARD" ON PDR AS HIS LEGACY

REF: A. MANILA 4615

[B.](#) MANILA 4600

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Classified By: Ambassador Kristie A. Kenney, reasons 1.4 (b) and (d)

11. (C) Summary. Defense Secretary Cruz admitted to Ambassador that long-standing disagreements with President Arroyo over the pace of Philippine Defense Reform and the campaign against the New People's Army, as well as over constitutional change, had led to his regrettably public resignation. He expressed appreciation for U.S. military support and assistance. Ambassador voiced our thanks for Cruz' many contributions, notably in pushing PDR, offered best wishes for his next career, and promised that we would work closely with his successor. End Summary.

12. (C) In a November 8 private lunch with Ambassador (scheduled before his November 5 resignation), Defense Secretary Avelino "Nonong" Cruz, Jr. promised to complete a

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"Way Forward" plan on Philippine Defense Reform before he leaves office on November 30. If possible, he will complete a version in time to share with PM A/S Hillen, BG Toolan, and Real Admiral Tracy when they meet on November 10. He admitted that disagreements dating back to December 2005 with President Arroyo -- in part over the pace of PDR programs -- had been a key factor in his resignation, which President Arroyo formally accepted on November 7. He insisted that PDR had to move forward "in an orderly way" and said that he was "not comfortable" with calls to speed up aspects of it, although he said that the U.S. Foreign Military Sales process moved too slowly. He noted regrets that he found himself unable to stay longer to achieve more of the PDR goals. He said that he also regretted the extensive publicity about his resignation and that he had found public service "very hard," albeit rewarding.

13. (C) Cruz cited disagreements with President Arroyo on two other major issues:

-- Constitutional or "charter": change, with what he publicly termed "harebrained" People's Initiative the "straw that broke the camel's back" when he found himself unable to keep quiet about what he perceived as an inherently unconstitutional process that could have produced a non-legitimate government; and,
-- the push to "eliminate" the Communist New People's Army within two years, which Cruz insisted was simply not possible. He noted that the challenges to winning the battle against the Communists were far more than military, entailing just as importantly also economic, social, infrastructural,

and developmental programs. He expressed special concern that elements of the Philippine National Police and Armed Forces of the Philippines might perceive this self-imposed deadline as an implicit blessing of extrajudicial killings or other "short-cuts," despite the clear statements from the President and leaders opposing such killings.

¶4. (C) Cruz insisted that he and President Arroyo would remain friends, while expressing personal relief that their long-standing tensions over these policy disagreements could now end. He noted that he believed he had been almost uniquely useful to her in his ability to "say no" and to influence her away from ill-conceived ideas. While declining to speculate on his successor, he expressed concern that the next Secretary, especially if drawn from the ranks of retired military leaders, would not be able to disagree with the President. He noted that President Arroyo did not even know many from the business community who might capably run a large and complex bureaucracy like the Department of National Defense. He had high praise for Armed Forces Chief of Staff General Esperon, whom he called a "wonderful soldier," but he admitted that Esperon's closeness to the President would be both a strength and a weakness, especially in dissuading her from ill-conceived courses during her expected 1-3 month tenure as Acting Defense Secretary following Cruz' departure.

He commented that Malacanang was clearly worried about the outcome of the May 2007 elections, when many pro-Administration members would have to step down due to term-limits, and expressed a wish that the agreement he had signed recently with the Commission on Elections to keep the military out of the electoral process would remain intact.

¶5. (C) Cruz expressed warm appreciation for the U.S. military support and assistance, including civil-humanitarian programs like the U.S. hospital ship "Mercy," which provided an excellent model for AFP programs and worked wonders in changing local perceptions in Muslim communities about the U.S. He promised that the Philippines would retain its commitment to the Global War on Terror, and praised ongoing operations under WestMinCom chief General Cedo against High Value Targets on Jolo Island. He praised the Philippine

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military as "wonderful" and very deserving of better equipment and other reforms now underway. He urged the U.S. to maintain its close interaction with DND and the AFP.

¶6. (C) Ambassador expressed our thanks for Cruz' many contributions as Defense Secretary, notably in pushing PDR as well as in creating the Security Engagement Board, offered best wishes for his next career, and promised that we would work closely with his successors.

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